

[REPUBLIC ACT NO. 3089, June 17, 1961]

AN ACT TO PROVIDE FOR ASSISTANCE TO THE GOLD MINING INDUSTRY

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.*—This Act shall be known as "The Gold Mining Industry Assistance Act of 1961."

SEC. 2. *Definition of terms.*—When used in this Act, the following terms shall, unless the context otherwise indicates, have the following respective meanings:

- a) "Gold Producer" means any person, corporation, partnership or association which is producing gold as principal product or as by-product, by itself or through an operating agreement, on the date of the effectivity of this Act;
- b) "Government" means the Government of the Republic of the Philippines;
- c) "Board" means the entity or office created by the President of the Philippines to carry out the provisions of this Act;
- d) "Marginal gold mine" means any mine which makes a total net profit less than what shall be determined as base profit' for that particular mine;
- e) "Over-marginal gold mine" means any mine which makes a total net profit equal to, or more than what shall be determined as 'base profit' for that particular mine;
- f) "Base profit" is that profit equal to the quotient of the total remaining capital investment divided by the anticipated remaining lifetime of the ore reserve plus ten per cent; or ten per cent of the gross receipts, which ever is lower;
- g) "Net profit" means, for purposes of this Act, the gross receipts from the sale of gold bullions minus the total cost of production as defined in this Act;
- h) "Anticipated lifetime of a mine" shall be based upon the formula of calculating the total positive ore reserves plus total reasonably probable ore reserve plus total reasonably possible ore reserve as reported by the particular mine and approved by the Board divided by the annual tonnage extracted;
- i) "Total remaining capital investment" includes investment in the mines property, plant and equipment, not yet amortized and/or depleted; j) "Mines property" includes mining claims, surface rights, shafts, main

- tunnels, and other capital development;
- k) "Plant and equipment" include mill, hoist house, headframe, power house, and other permanent buildings and structures together with all equipment utilized in operation;
- l) "Gross receipt" means the gross output of mines or the actual market value of bullion from each mine or mineral lands operated as a separate entity without deduction for mining, milling, refining, transportation, handling, marketing, or any other expenses;
- m) "Cost of production" of bullion from a mine means the cost incurred by the producer and properly attributable to the production of bullion and includes mining, milling, smelting, refining, production tax, marketing expenses, transportation, administrative costs, depreciation and depletion under standardized procedure to be adopted by the Board to be created to carry out the provisions of this Act, amortization of rehabilitation expenses and interest on capital loans;
- n) "Direct assistance" refers to a direct assistance to marginal gold mines, and to over-marginal gold mines, which assistance shall exist for a period of three years from the effective date of this Act;
- o) "Newly mined gold" means any gold fresh from the mill or smelter which has never been in trade or commerce, certified as such by the gold producer and confirmed by the Board;
- p) "Free market" means domestic open market;
- q) "Assistance" is the amount given by the Government to gold producers during the effectivity of this Act;
- r) "Official price" means the equivalent in Philippine peso of the official price of thirty-five United States dollars per ounce of gold or any other official price which the Philippine Government shall subsequently fix;
- s) "Ounce" means troy ounce which is one-twelfth part of a pound of five thousand seven hundred sixty grains, or four hundred eighty grains or 31.1035 grams;
- t) "Refined gold" means gold that has been purified to the fineness acceptable to the Central Bank;
- u) "Mine with gold as principal product" refers to a mine where the receipts from whatever source from the sale of gold is more than fifty per cent of the total receipts; and
- v) "Mine with gold as by-product" refers to a mine where the receipts from whatever source from the sale of gold is fifty per cent or less of its total receipts.

SEC. 3. *Direct Assistance.*—To assist the Philippine gold producer to continue operations in the face of the current low gold price and in view of their increased cost of production, as well as other prevailing conditions unfavorable to the gold mining industry, there is hereby created a direct assistance.

SEC. 4. *Gold producers qualified to receive assistance.*—To be entitled to the assistance provided in this Act, a gold producer must sell to the Central Bank, and the Central Bank is hereby directed to purchase, its entire production of newly-mined gold, whether produced as principal product or as by-product, at the official price defined in Section two (r) hereof. The Central Bank shall issue a receipt for all gold purchased by it under this Act, which receipt shall show the number of ounces